REMARKS

Claims 1-15 and 21-24 are pending. Claims 1, 6, 11 and 21 have been amended. No new matter has been presented.

At pg. 2, item 2 of the Office Action, the Examiner notes that claims 1, 6, 11 and 21 must be distinguished from the prior art in terms of structure rather than function. The Examiner cites to *Hewlett-Packard Co. v. Bausch & Lomb, Inc.*, 909 F.2d 1464, 1469, 15 USPQ2d 1525, 1528 (Fed. Cir. 1990) as standing for the principle that a claim containing a recitation with respect to the manner in which a claimed apparatus is intended to be employed does not differentiate the claimed apparatus from a prior art apparatus if the prior art apparatus teaches all the structural limitations of the claim. Although this may be correct given the facts of that particular case, it does not apply to the pending claims. Where the "intended use" limitations further define the structural limitations of the claim, they are indeed limiting. In this case, the processor is limited by the intended use because the processor is programmed to carry out the claimed function. This defines the structure of the processor. The pending claims are essentially directed to a computer-related invention, and therefore the actual structure recited in the claims is not what defines the limits of the claim. Rather, it is the function carried out by the processor which determines the scope of the claims. It is well known that the recitation of processor as set forth in the claims requires structure that will perform the functions set forth. Thus, the so-called "functional" limitations must be afforded patentable weight.

Claims 1-5 were rejected under 35 USC 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Claim 1 has been amended to overcome this rejection and to clarify that the image processor embeds bits, which describe information different from information representing the processed image data, in pixels of the processed image data placed at predetermined positions on an image represented by the processed image data. Applicant requests that this rejection be withdrawn.

Claims 1-3, 6-8, 11-13 and 21-24 were rejected under 35 USC 102(b) as being anticipated by Braudaway, U.S. Patent 5,530,759. This rejection is respectfully traversed.

va-89786

Although the Examiner stated that Applicant's arguments in paper no. 26 (Response filed April 20, 2004) were persuasive and that the rejection was withdrawn, the Examiner has actually repeated his previous rejection. Applicant assumes that the Examiner's new basis for rejecting the claims in view of Braudaway is based pg. 2, item 2, of the Action, where the Examiner appears to be stating that the so-called "functional" limitations of claims 1, 6, 11 and 21 are not being given any patentable weight. However, as explained above, the Examiner's reasoning is flawed. If one were to follow this line of reasoning, any device which shows a processor would anticipate the claims of this application, or any claim which is directed to a processor which is programmed to carry out a specific function would be anticipated by every patent which shows a processor. This is clearly not the law, and the case cited by the Examiner most certainly does not set forth such a proposition. Applicant maintains that each limitation of claims 1, 6, 11 and 21 should be given patentable weight. Furthermore, as previously submitted, Braudaway does not perform the claimed image processing. The only image alteration that takes place in Braudaway is when the watermark pixels replace the original image pixels so that a watermark will be visible in the image. Even though this is a process of the image data, the bits which are placed are not a result of the process, but are determined before the image processing even begins, since they are what is used to process the image. The bits which are placed in Braudaway correspond directly to the watermark value, not to information obtained by image processing. Thus, the features of claim 1 are not taught or suggested by Braudaway. Applicant has also amended claim 1 to further clarify the invention. Claims 6, 11 and 21 have likewise been amended.
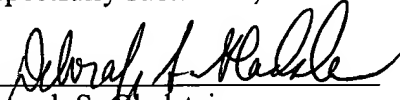
Claims 6, 11 and 21 recite substantially the same features as recited in claim 1, and are therefore allowable for the same reasons. The remaining claims are allowable at least due to their respective dependencies. Applicant requests that this rejection be withdrawn.

In view of the above, each of the presently pending claims in this application is believed to be in immediate condition for allowance. Accordingly, the Examiner is respectfully requested to withdraw the outstanding rejection of the claims and to pass this application to issue. If it is determined that a telephone conference would expedite the prosecution of this application, the Examiner is invited to telephone the undersigned at the number given below.

va-89786

In the event the U.S. Patent and Trademark office determines that an extension and/or other relief is required, applicant petitions for any required relief including extensions of time and authorizes the Commissioner to charge the cost of such petitions and/or other fees due in connection with the filing of this document to Deposit Account No. 03-1952 referencing docket no. 325772009100.

Dated: February 23, 2005   Respectfully submitted,

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va-89786